

THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council

2 April 1985

Mr. Charles Douglas-Home
The Times



ENGLAND

FYI

A handwritten signature in black ink, appearing to read 'H. Meyer'.

Herbert E. Meyer

Enclosure:

"The Old World Needs a New Ideology"
by Irving Kristol, The Wall Street
Journal, 1 April 1985

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THE WALL STREET JOURNAL MONDAY APRIL 1, 1985

The Old World Needs a New Ideology

By IRVING KRISTOL

The administration of Ronald Reagan is a fascinating meld of two strands of conservative thinking. The first is a traditional conservatism that emphasizes the prudential management of both economic affairs and foreign policy. The White House staff, top officials throughout the executive branch, and Republican leaders in Congress are, for the most part, faithful representatives of this "normal" tradition. In essence, they see this administration as a (perhaps more effective) continuation of the Ford administration. Thus, in economics they are most concerned with "fiscal responsibility," i.e., a balanced budget. In foreign policy they define "national security" in relatively narrow terms, are allergic to anything other than defensive actions. In short, they are conservative in the literal sense of being distrustful of new ideas and bold, innovative policies.

'Standing Tall Again'

At least half the time, Mr. Reagan speaks and acts as such a traditional conservative. But he also, at critical moments, speaks and acts as a new kind of conservative—a "neoconservative." Neoconservatism is that strange creature, a future-oriented conservatism, stressing the economics of growth rather than of stability, the politics of hope rather than of preservation. It exudes a spirit of buoyant self-confidence rather than of grim defensiveness. It is this new kind of conservatism that marks this administration off from previous Republican administrations. It is neoconservatism that gave rise to supply-side economics and to what one may now call a "supply-side" foreign policy—i.e., a policy of action rather than reaction, as represented by the invasion of Grenada, the Strategic Defense Initiative and support for the contras in Nicaragua.

It is important to note that none of these innovations has ever had much support among traditional conservatives. If Gerald Ford or Robert Dole or Howard Baker or Robert Michel were president instead of Ronald Reagan, they would not have happened. It is also important to note that had they not happened, there very well might not have been a second Reagan administration. To the degree that Mr. Reagan is now widely regarded as a "successful" president, it is his neoconservatism, not his conservatism, that is primarily responsible. It is this neoconservative dimension to his policies that causes the American people to feel that "we are standing tall

again," and to look to the future—personal and national—with optimism.

How different it is in the democracies of Western Europe! There, a traditional conservatism still dominates the conservative parties and still shapes the policies of conservative governments when in office. The result is economic stagnation, a spirit of political resignation (or even depression), and foreign policies that are defensive in spirit, timid in execution and generally demoralizing in their effect.

Paradoxically, it is only in France, under a Socialist government, that there are any signs of an emerging neoconservative

impulse. It is only in France that, as all opinion polls reveal, Ronald Reagan would win a clear majority were the French people permitted to vote in American elections. It is only in France that books are being written and published on supply-side economics, and that popular magazines are genuinely curious about the "secret" of Mr. Reagan's success. And it is only in France where the popular response to the Strategic Defense Initiative is: "Sounds good—let's get a piece of the action."

Just how serious or profound this trend in France remains to be seen. The Socialist government still has a couple of years in which to regain its lost popularity, and there are even signs that it may resort to some supply-side economic measures to do so. The conservative opposition is fragmented, uninspired, uninspiring. Perhaps a French Ronald Reagan may yet emerge.

But where conservative parties are actually in office, as in Britain and West Germany, that possibility seems excluded. Those traditional American conservatives who deplore President Reagan's neoconservative inclinations—and this includes much of the business community—would do well to look at the current condition of Britain and Germany. They would then have a sense of where we would be under a traditional conservative administration. And they would find very little to encourage them in their views.

In Britain, economic growth proceeds at

about a 3% annual rate, inflation is at the American level of 4% to 5%, while the deficit as a percentage of gross national product is only half the American level. That sounds pretty much like what our Federal Reserve Board and financial community think is appropriate for the U.S. But in Britain it has resulted in 13% unemployment, with little hope of that level coming down in the foreseeable future. If anyone were to set out to discredit conservative government as a viable political option, this would be the way to go about it.

But when one suggests to British conservatives that there might be something

to be learned from the Reagan experience, one hears the dismissive phrase "voodoo economics." The most recent Conservative budget offers a mixture of parsimonious tax cuts (mainly affecting lower-income people) and somewhat smaller tax increases on consumption. This, it is explained, is "all the government can afford," for there can be no significant cut in tax rates until government spending is "brought under control."

But how do you bring government spending under control when you have 13% unemployment? In a democracy, that is a practical impossibility, and Prime Minister Margaret Thatcher's futile efforts to do that are tearing her party apart. The more liberal conservatives (the "wets") as well as the more traditional Tories (with their paternalistic philosophy of government) combine to defeat her every move. It is an ominous sign that the Labor Party—today an "extremist" party of the left by any standards—is gradually increasing its standing in the opinion polls. As someone once said, "You can't beat a horse with no horse," and what Mrs. Thatcher is riding is a rocking horse.

As with economic policy, so with foreign policy. The obduracy with regard to voodoo economics is paralleled by a haughty skepticism of "voodoo military strategy"—i.e., Star Wars. True, Mrs. Thatcher had her moment of glory with the Falklands War, which once again made Britons

"stand tall." But since then they have come to stand small again, as the Thatcher government focuses its foreign policy on the will-o'-the-wisp of arms control.

As a consequence of all this, the spirit of Britain is at a low ebb. A visitor from the U.S., by now somewhat habituated to a Reagan-induced optimism, is taken aback to discover just how low that ebb is. The nation as a whole seems to have become cynically apolitical. Even the Marxist-led miners' strike caused only a ripple in the general apathy, as did Mrs. Thatcher's ultimate victory in that confrontation.

What is true of Britain also holds true for West Germany, where a conservative government seems equally determined to give conservatism a bad name. It is a stuffy, unimaginative, lethargic government. Tax cuts are as unthinkable in Germany as in Britain, while the foreign secretaries of these two nations echo one another in their cautious denigration of the Strategic Defense Initiative. Most important, in neither Britain nor Germany do you have that striking U.S. phenomenon—the movement of younger people toward a more conservative orientation. And in neither country do you have that other striking U.S. phenomenon—the movement among intellectuals toward a more conservative orientation. Traditional conservatism in Western Europe, having staked no bold claim to the future, is rapidly becoming a mode of politics without a future.

Mr. Volcker's Turnabout

All of this bodes ill for the Western alliance. It also represents a danger to the conservative revival in the U.S. itself. Our strong economic recovery cannot be expected to last indefinitely if the economies of Western Europe do not pick up momentum. Even Paul Volcker (of all people!) is now urging the British and German governments to enact a substantial cut in tax rates—and to accept the larger deficits that go with it—in order to get their economies moving again. Perhaps voodoo economics will be more acceptable coming from him than from Ronald Reagan. So far, however, they show no signs of budging from their obstinate commitment to a traditional conservatism that, in both domestic and foreign policy, imprisons their nations in a dead end.

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